Alberta Capital Region Governance Review

SETTING THE STAGE FOR STRONG REGIONS:
Choices for the Future

October 2000

Setting the Stage for Strong Regions: Choices for the Future

"In some very fundamental ways, this shift into a knowledge-based economy will change the game completely."

Lester Thurow, 2000
"The Key to Prospering in the New Global Economy"

Lou Hyndman
Chair
Alberta Capital Region Governance Review

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Preamble

October 2000

This document provides a context for the Final Report of the Alberta Capital Region Governance Review. It looks, not to next month or next year, but to a 20 to 40 year time horizon.

Over the past 22 months, I have been exposed to a wide variety of ideas and research, much of which has general implications for regions across the Province. This document outlines my broad observations to date regarding those implications. They are not necessarily the views of the 21 municipalities in the capital region, nor of the Province of Alberta, but they do highlight many of the challenges we face in setting the stage for strong regions in the Province.

I expect to deliver the Final Report of the Alberta Capital Region Governance Review to the Minister of Municipal Affairs in November 2000. It will address specifically the Alberta capital region.

Lou Hyndman
Chair
Alberta Capital Region Governance Review

Testing Regional Waters

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1. *Outside Forces are Pushing Us to Think and Act Regionally*

Many Albertans sense that while their economic situation and quality of life are good now, outside forces could damage our economic prospects and hurt our quality of life. There are two key questions:

1. Will the increasingly global economy pass our region by?
2. Will we be able to sustain the robust economy and quality of life we now enjoy?

The changes facing Canada and the world in the political, technological, environmental, and economic spheres reinforce each other.

The changes in technology have in turn led to fundamental changes in the structure of the global economy, which is now based on knowledge rather than on materials...Firms have become increasingly footloose... Financial capital, equally footloose, moves across borders in search of the highest return.

Ingrid A. Bryan, 1994
Canada in the New Global Economy

The forces driving change were identified in the early 1990s. Alberta responded to these observations and a major transition to a new economy is now well underway. In its most recent report on this effort, "Alberta's New Economy" (September 2000), the provincial government noted that, "The world is changing quickly. Knowledge, innovation, research and technology are becoming increasingly important in all sectors of Alberta's economy." The Province has declared four goals:

1. Albertans enjoy an unmatched quality of life in a province that is recognized as the best place to live, work and visit.
2. Alberta is internationally recognized as a good place to invest and do business. Alberta businesses compete and succeed in the global marketplace.
3. Alberta is a world leader in innovation, research, development and commercialization of new ideas.
4. All Albertans have the opportunities they need to learn, adapt and develop new knowledge and new skills.

Municipalities can contribute to these goals by thinking and acting regionally.

Four forces acting on Alberta's municipalities are fueling the discussion of regions in Alberta:

- The global economy is creating a competitive environment that requires a greater presence and greater strength than one municipality can offer.
- The rising cost of delivery of municipal services and infrastructure has become a very real concern for individual municipalities who search for potential savings through collaboration, cooperation and varying degrees of integration.
- The fast growth of many Alberta municipalities is creating challenges that go beyond the boundary of any single municipality and require coordinated responses (e.g., sprawl, traffic congestion, pollution, resource use).
- The Internet and information technologies are making municipal boundaries less meaningful and creating greater pressures for regional cooperation.

2. *Why Should Citizens Care About Regional Issues?*

There's something going on in the transformation of the continental economy. This is particularly problematic for...Western Canadian cities, which simply aren't large enough to attract and retain...indigenous capital.

Roger Gibbins, 2000
"Chairman's Conversations"

What is different today is that the scale of things has shifted upwards and outwards, bursting the boundaries and capacities of institutions...."

Ian Wight, 2000
"Regions Upon Regions"

Municipalities in Canada are concerned about sustaining their economic base because the country is experiencing major economic change. Many factors affect the sustainability of municipalities, including the effectiveness and efficiency of government. Success and sustainability in the future will require a high level of cooperation and foresight among the municipalities that share a region. This need has been recognized both in urban areas—where industrial attraction and infrastructure investments are major challenges, and in rural areas—where the shift from basic farming to value-added agriculture and food production is a challenge.

In the early 21st century, the mobility of businesses, information and capital is much greater than previously experienced, and therefore the need for municipalities to develop a long term vision built on a sustainable, diverse economy is even more important. In adjusting to this emerging environment, Alberta's municipalities will strive to be big enough to be competitive and effective while preserving a sense of neighbourhood and history.

The issues that Alberta's municipalities address as they respond to these outside forces and contemplate regional partnership are:

Sustainability and Interdependency

The global economy has increased municipal vulnerability to relocation of investment. In siting new industry, global businesses prefer to talk to regions, rather than to each of the municipalities within a region. Municipal sustainability is also affected by revenues in relation to cost of services, by the form of municipal growth, and by the degree of citizen satisfaction with their environment.

To sustain their future, adjacent municipalities need to recognize and support interdependency. No municipality is an island. Growing urban areas and adjacent rural areas have interdependent economic, social and environmental needs and strengths. Urban and suburban areas are also interdependent in the exchange of skilled workforce, services, and the sharing of major infrastructure (e.g., roadways, utility lines). The exchange of resources, goods, services and people is the lifeblood of a regional economy.

Regional success is achieved when the municipalities recognize that everyone wins when they work together. It is not a "zero sum game" where, if one municipality gains, some adjacent municipality must automatically lose.

Economic Strength

Alberta's municipalities must cooperate regionally if they want to be recognized as good places in which to invest and do business. Regions are recognized as the "stalls" in the global marketplace, and provide an ideal scale for response to economic opportunities.

Communities which have found themselves at the margins of the resource-based economy are not easily going to move into the new economy. They're only going to effectively compete if they can marshal their internal resources and project effectively on the global stage. They have to do that regionally.

Roger Gibbins, 2000
"Chairman's Conversations"

Value to Citizens and Business

James Gollub of ICF Economic Consulting Group, commenting in October 2000 on the economic prospects of the Greater Edmonton region, noted that what matters is not necessarily that Alberta has the lowest taxes, but that its municipalities offer the most value for the tax dollar.

Integration of services means that services are delivered at the optimum scale and that services throughout the region are compatible and coordinated.

Coordinated Growth

Many Alberta regions are growing at a fast pace. This can create land use conflicts, servicing problems, sprawl and reduction in quality of life.

Without a regional vision, and a mechanism for coordinating and sharing regional growth decisions, the potential for long term problems will be high.

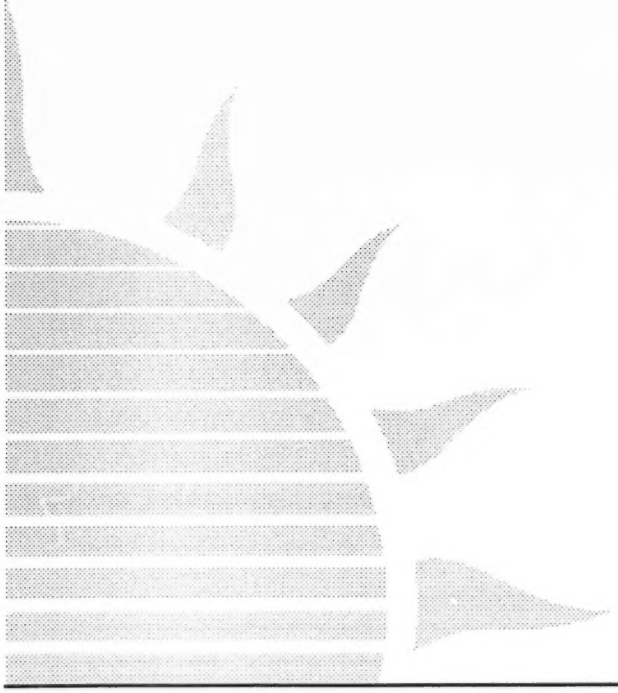
One thing I'm convinced about is that we need regional institutions. I assume that one of the big issues that you want a regional institution to have some kind of influence on is the control of sprawl and shaping regional growth patterns.

Andrew Sancton, 2000
"Chairman's Conversations"

Alberta municipalities will face major decisions in the first half of the 21st century that will fundamentally affect their form and efficiency and the quality of life they offer.

Some of the long term and potentially expensive issues that will challenge regions include:

- Disposing of solid waste when current land fill sites reach their capacity
- Ensuring clean drinking water
- Addressing sprawl and "leap frog" development
- Setting transportation priorities: cars or mass transit, or both
- Protecting agricultural land and
- Paying for the high cost of future infrastructure replacement.



3. *Regional Partnerships Offer a Flexible Approach*

Allan Wallis, a specialist in public policy at the University of Colorado in Denver, suggests there is an emerging flexible approach to regional matters which he calls "the new regionalism." He points out that the policy environment for municipalities in the early 21st century is substantially different than what they experienced only a decade ago. Wallis suggests that emerging approaches to regionalism exhibit the following characteristics:

- Focus on process rather than structure
- Acceptance of open boundaries
- Emphasis on collaboration
- Trust among the municipal players
- Shared vision, goals and policy and
- A holistic view that assumes all parties gain by working together.

This new approach to regionalism offers flexibility that can be tailored to the emerging situation in a region. This is a significant change from the structured solutions that have been used in the past.

How do Regional Partnerships Compare with Amalgamation?

In the past, large scale amalgamation of municipalities was designed to remedy the challenges that municipalities faced within a regional area. Amalgamation was often initiated by the core municipality proposing that an adjacent municipality be annexed. In some cases, the initiating municipality may choose the opposite approach to achieve a similar result. In these cases, the initiating municipality applies for dissolution. If dissolution is approved, the initiating municipality is amalgamated into the surrounding municipality.

The Canadian Experience

Canadian experience with amalgamation has indicated that it does not generate cooperation and collaboration. When the parties to amalgamation are not in agreement with the decision to amalgamate, there can be divisive legal and cultural conflicts that are expensive and long-lasting. As well, amalgamation does not provide flexibility to facilitate future changes that may occur in the region.

Amalgamation is sometimes associated with a desire to downsize local government. One assumes that there will be less government and therefore fewer staff. However, K. R. Meech (Chief Administrator of Halifax Regional Municipality) notes that "Irony resides in the presumption that amalgamation reduces the staff numbers required...Reality, in our case, suggests that there is a need for at least the same number of staff required to promote the transition...."

Amalgamation is a useful tool when neighbouring municipalities recognize that they share concerns, challenges and services and therefore mutually decide to become a single new municipality. This approach will continue to play an important role in Alberta.

Several situations illustrate the Canadian experience in the transition toward flexible regional arrangements:

Winnipeg Amalgamation was the approach used by Winnipeg in the 1970s, when Winnipeg annexed the surrounding municipalities (such as St. Boniface) to become a "uni-city." Almost 30 years later, the provincial and municipal governments explored regionalism in a study entitled Capital Region Review: Final Report of the Capital Region Review Panel, by Alan Scarth, Q.C. The panel found a number of shortcomings in the region, including inefficient regional utilization of infrastructure, no effective structure for discussion and mediation, and no regional planning focus. To address these concerns, the panel recommended the formation of a regional association because it would provide "a flexible legal framework to accommodate evolution" and because "we find little inclination on the part of municipalities outside the Winnipeg perimeter to consider further Regional amalgamation."

Greater Toronto Services Board

This same phenomenon can be seen in the City of Toronto, where several municipalities were amalgamated into a single city in January 1998. Within a year, the Greater Toronto Services Board was formed to, "promote and facilitate coordinated decision-making among the municipalities of the Greater Toronto Area." This Board operates through a levy from the participating municipalities and brings together the City of Toronto and 29 neighbouring municipalities (including Mississauga, Pickering and Burlington).

Regional Municipality of Wood Buffalo

Within Alberta, the formation of the Regional Municipality of Wood Buffalo provides a recent example of municipalities combining the benefits of amalgamation with the flexibility and cooperation engendered in regionalism. This municipality was formed in 1995 when the City of Fort McMurray and the Improvement District of Wood Buffalo amalgamated to form the largest regional municipality in North America (by area). They chose to become a "specialized municipality" (adopting a classification under the Municipal Government Act) which they felt allowed them to keep the character and representation of both urban and rural municipalities, while addressing the unique nature of their new municipality. The Regional Municipality has four wards and is represented by ten councillors and a mayor.

Regional Districts in British Columbia

In British Columbia, legislation was passed in 1965 to enable the formation of regional districts. This new approach to local government was created partially because there was no form of municipal government for rural areas (such as Alberta's municipal districts). In 1999, the Province commissioned a review of the regional districts (Bish, 1999). Recommendations were made to "increase the flexibility for regional districts to adjust their procedures to their own conditions...." While regional districts provide local government for unincorporated areas, they also "provide the political and administrative framework for inter-municipal service cooperation through the creation of benefitting areas." They also "are a regional government for a limited number of activities mandated by the provincial government including processing municipal debt, waste management planning, hospital finance and creation of a regional growth strategy." According to the Bish report, "they are part of the municipal system, not a separate level of government."

Alberta's Opportunity for Leadership

Alberta's Municipal Government Act is unique in Canada. New approaches to regional challenges provide an opportunity for Alberta to demonstrate leadership in Canada once again. Within our province, many regions are exploring ways to create regional associations that will assist participating municipalities and the province as a whole. A range of new regional associations may emerge that will provide models for the rest of the country for the 21st century.

4. *Responding to Challenges as Regions Emerge*

The current transition to a global economy and rapid changes in telecommunications will create profound changes at the municipal level, and these changes will, understandably, be met with some resistance. Much of the resistance to regionalism is based on concerns that regional approaches are "win-lose" situations. Efforts to build "win-win" outcomes will obviously provide a solution.

In the interest of helping all parties overcome potential areas of concern, this chapter outlines eight concerns that commonly arise in regional discussion along with suggestions as to how these concerns can be addressed.

1. Traditional Expectations of Electorate

The electorate has not traditionally expected local elected officials to address issues that go beyond the municipal boundaries. Immediate issues (such as the mill rate or changes that affect daily services) are more likely to interest the electorate than are long term issues.

For years, municipal pride has been built not on regional thinking, but on competition with other municipalities. This competition is in the areas of attracting new business investments, winning government grants, growth rates, new facilities, and victories in sports.

Remedy: Elected leaders can initiate regional discussions in an atmosphere of good faith, emphasize direct benefits to citizens and begin comparing performance on a regional rather than municipal basis.

Alberta...has generally subscribed to a very pronounced urban-rural differentiation in its basic municipal structuring, and regions have generally been called upon to at least provide some integration across these two sometime solitudes.

Ian Wight, 2000
"Regions Upon Regions"

2. *Urban/Suburban/Rural Tensions*

In some metropolitan areas, the urban center may feel that the surrounding communities are taking advantage of the services provided, without paying their fair share. On the other hand, rural municipalities may feel that urban and suburban centers see them as a cheap "land bank" for future development. Economic forces encouraging growth of both urban and adjacent rural municipalities have led to potential conflict.

Remedy: Mutual recognition of shared long term interests can be emphasized to build regional "win-win" solutions.

3. *Financial and Policy Relationships with the Provincial Government*

Provincial policies and the structure of some provincial grants can unintentionally make it difficult for municipalities to cooperate regionally. Some municipalities in Alberta have noted that they perceive this as a barrier.

Remedy: The Province has expressed an interest in revisiting policies and grants to reflect regional thinking.

4. *Long Term Paybacks versus Short Term Expectations*

Many regional issues are long term in nature and will not provide immediate benefits to citizens. It is more difficult to explain the benefits of long term regional investments.

Remedy: Elected leaders, stakeholders and the media can discuss and give examples of the long term benefits of regional initiatives.

5. *Issues of Power and Control*

Developing regional institutions may be difficult because it involves the reallocation of powers and control.

Not surprisingly, many local leaders perceive that they must have significant control over regional services in order for their municipal needs to be met.

Remedy: The solution lies in a) installing safeguards so that the "rights" of a municipality are not compromised, and b) creating a regional leadership approach in which parties have confidence.

6. Issues of Financial Fairness

There may be concern about the sharing of assets, staff or interests in a regional institution because some believe that the future financial arrangements will not be fair.

Remedy: Regional solutions must meet the test of financial fairness.

7. Incompatible Municipal Information Systems

Municipalities have independently developed their individual information systems. Information flow among municipalities may be impeded by incompatibility in information categories, filing systems, key assumptions, data standards and data format.

Remedy: Municipalities can make changes that result in their accounting and information systems being compatible. They can go beyond this to share the benefits of developing a regional geographic information system and a regional intranet. This broader approach would make it possible for leaders and citizens to more easily share information and assess regional progress.

8. Leadership and Involvement

There may be only a few leaders who are prepared to champion the region for all the reasons mentioned above. Citizen awareness and involvement is also a challenge.

Remedy: Strong local leadership is essential for regional progress. Citizen involvement at the regional level requires creative approaches. In addition to carrying out their traditional local responsibilities, elected leaders and thoughtful citizens can persuade electors of the need for a long view and for regional thinking that ensures future generations enjoy a sustained economy and high quality of life.

5. Characteristics of an Effective Region

In this new century, regions that achieve success will have the following characteristics:

Shared Vision and Principles

All municipalities agree on a vision for the future of the region and also agree to a set of principles that will guide decision-making.

Healthy regions nurture us...by concentrating the resources and providing the connections to pursue a desired quality of life, locally and globally.

W. Dodge, 1996
Regional Excellence

Open Exchange of Information

Municipalities have common data categories and common data standards so that information is readily exchanged. Citizens of the region can both access data and do business on-line.

Emphasis on Coordination of Decisions and Services

Municipalities agree to a means to coordinate service delivery within the region.

What we have seen over the last 20, possibly 30, years is a restructuring of the private economy and it's looking for a counter-part in the public sector.

Allan Wallis, 2000
"Chairman's Conversations"

Shared Strategies for Common Benefit

Municipalities agree to co-invest in shared strategies that will create shared benefit. For example, municipalities agree to guidelines to fairly share costs in specified circumstances in order to address inequities or unfair burdens.

Clarity of Roles and Expectations

The role of member municipalities and of their representatives is clear. A regional role is clearly differentiated from municipal and provincial roles. Protocols which describe working relationships are agreed on.

Effective Consultation and Public Information Mechanisms

There are public information mechanisms that make it easy for citizens to learn about proposed regional actions and changes and public consultation is undertaken where appropriate.

Monitoring and Accountability

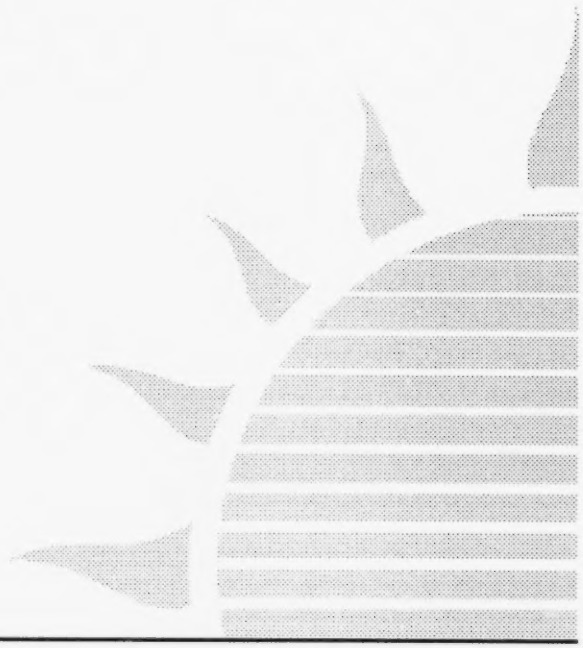
There is a means to monitor major activities and trends within the region, to report results to citizens, and to measure progress year over year.

Efficiency and Effectiveness

Decisions about regional matters balance the need for efficient approaches on the one hand with considerations about what will be most effective in the long run.

We should expect tomorrow's regions to range much more widely across the whole public domain - well beyond just the arena where governments operate.

Ian Wight, 2000
"Regions Upon Regions"



6. *A Simplified Spectrum of Regional Options*

Alberta municipalities that want to increase regional cooperation and integration can choose from a range of options:

1. Voluntary Cooperation

Municipalities can enter into a voluntary cooperative agreement or establish an organization that goes beyond existing service agreements. This body may provide a discussion forum and it may address issues of common interest (e.g., economic development and infrastructure). Members participate voluntarily and the cooperative agreement does not affect existing municipal structure or authority. The Alberta Capital Region Alliance is an example of such an organization.

2. Inter-municipal Service Agreements

Most municipalities enter into service agreements with adjacent municipalities, often accompanied by expanded efforts among staff to cooperate on service delivery. These binding service agreements are designed to raise the overall quality and value of service provided in the region. Integration of many services in a region using this approach may require a large number of service agreements.

3. Service Commissions

Service commissions can be established under the Municipal Government Act to deliver specific services to member municipalities. The authority of these commissions is spelled out in the legislation. Decisions and budgets of commissions usually address the delivery of a single service.

Municipalities transfer funds to cover delivery costs. The commission has the authority to make decisions about service delivery. Municipalities continue to define the Commission's service needs and usually control service standards. An example is the Alberta Capital Region Wastewater Commission.

4. Regional Partnership(s)

Regional partnerships may be established voluntarily through a binding agreement among several member municipalities to cooperate and share resources to achieve specified shared goals. The formal agreement may specify cost sharing arrangements and establish a process by which decisions will be made. This model is emerging in Alberta—Calgary and Edmonton regions have both investigated it. Both regions used a similar approach to establish regional airport authorities.

5. Regional Board or Council

A region can be formed with a board or council made up of representatives of the municipalities. These boards provide a formal decision mechanism and a single voice for the region. The board may have a very broad mandate (e.g., all regional development) or a relatively narrow mandate (e.g., transportation development only). In some cases, service agencies report to the board. Regional councils usually do not materially affect the responsibilities of the member municipalities, but do make decisions that are binding on the members they represent.

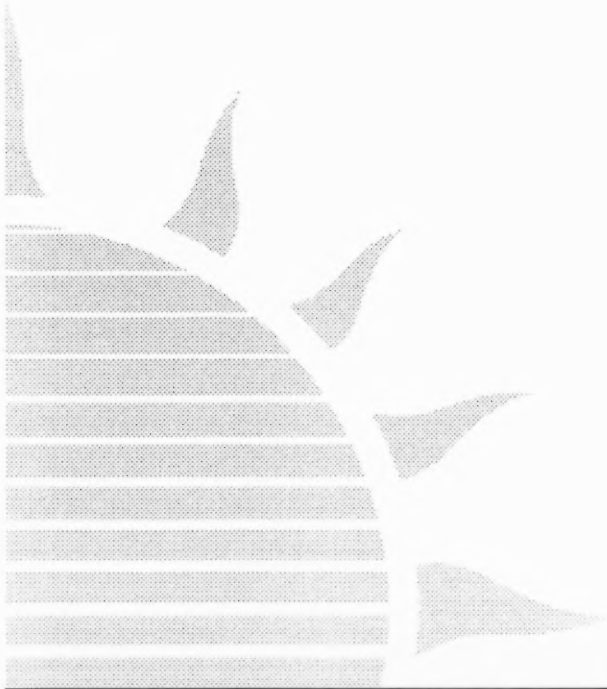
The development of a regional council requires agreement on definitions of roles, responsibilities, and a decision framework. An example is the Greater Toronto Services Board.

6. Regional Government

A regional government offers services directly to citizens of the region. It may have taxing or requisitioning power. The responsibilities of the regional government may supercede some of the duties of the municipalities. If municipalities remain intact (in a two tier regional government), the regional government may have the power to require municipal compliance with regional decisions.

Option 1: Two Tier This approach was used in Ontario in the 1970s. As an example, the Regional Municipality of Hamilton-Wentworth was created in 1974, giving a new regional government powers over services in the larger region, but leaving a government of the City of Hamilton (in 1999, the provincial government amalgamated the city and regional governments into one entity).

Option 2: One Tier In 1996, the Halifax Regional Municipality was formed when the Province directed the amalgamation of the City of Halifax, the City of Dartmouth, the Town of Bedford and Halifax County. The transition from multiple governments to a single government was difficult, and the chief administrative officer of the new regional municipality predicted that amalgamation would not be complete for 2–5 years.



7. *Clarifying the Roles of Regions, Municipalities and Provincial Government*

The functions of municipalities are defined by provincial legislation, and modified by the existence of "special purpose bodies" (e.g., school boards). It is not surprising, then, that the relationship between provinces and municipalities is not always clear. Emerging responsibilities for challenges that extend beyond municipal boundaries, but are not provincial in scope, are most likely to be undefined.

The exact functional responsibilities of municipalities vary widely across the country. Even within the same province, municipalities of similar size and character often do not have the same list of functions.

Andrew Sancton, 2000
The Municipal Role in Governance

What Can Regions Address?

Regional responsibilities vary from one region to another, but the most common areas for regional cooperation among municipalities are:

- Integration of service infrastructure and delivery
- Coordination of economic development
- Long term planning of transportation (major commuter routes)
- "Single voice" in speaking to governments and business
- Expanded parks and environmental reserves
- Improved environmental management (air and water sheds)
- Shared vision and coordinated decisions about growth
- Opportunities to share growth equitably, and to share economic opportunity
- Shared monitoring and trend assessment
- Coordination of social support within the region and
- Taking advantage of opportunities to make business and commerce part of a regional partnership.

The Role of the Provincial Government

The Canadian Constitution allocates the responsibility for municipal institutions to the provincial government. Municipal institutions are created by the provincial legislature and can exercise only those powers that are conferred on them by statute. The Province is therefore the leader in determining whether any municipal responsibilities should be re-allocated. In Alberta, the Province has stated its interest in more regional integration and cooperation and has opened the door for municipalities to propose appropriate solutions and design the elements of their own future.

The provincial government controls health care, education and children's services, all areas that greatly affect quality of life in municipalities. As well, since the Province funds part or all of major infrastructure improvements (particularly roadways and public transit), it has a major impact on the growth patterns and transportation flow in and around urban-rural regions. Finally, provincial environmental regulations will have an increasing impact on municipalities.

The Province has created education, health and children's services boards to provide a way for these matters to be addressed regionally. The regional boundaries are generally not the same as municipal boundaries.

If municipalities form a regional partnership entity that can represent them as a single voice to the provincial government, the Province can simplify its relationship by dealing with a single entity on many issues.

As a regional presence emerges, the Province should respond to needs for changes in legislation, grant structures, policies, administrative structures, and working relationships, where necessary, to ensure an effective relationship with the new regional framework. The emergence of regional partnerships is potentially valuable to the Province and therefore deserves some financial support.

More specifically, the Province should be prepared to help fund a transitional process for the municipalities and to provide "start up" funding in key areas. This funding should be based on foreseeable benefits to the citizens of the Province as a whole.

Municipal Government Act

The legislation under which municipalities are established (Municipal Government Act) is deliberately broad in its description of the purposes of a municipality:

a) to provide good government

b) to provide services, facilities or other things that, in the opinion of council, are necessary or desirable for all or a part of the municipality

c) to develop and maintain safe and viable communities and

d) to fund municipal activities.

The Act goes on to say that a municipality has powers, duties, and functions that are described in the Act and elsewhere.

Municipalities have traditionally focused on the provision of property-based services within their legal boundaries, the regulation of people and activities in public spaces, and the private use of land within the municipality. However, many Alberta municipalities have taken responsibility for services such as economic development and family and community social services that are not directly property-based and do not relate to management of behaviour in public spaces. The Municipal Government Act thus provides flexibility in allowing municipalities to adapt to changing circumstances.

The provision of services to citizens may appear to be the exclusive territory of municipalities, but there are many exceptions. The Municipal Government Act also empowers "local authorities" to provide services within municipal boundaries. The Act also recognizes that many of the services citizens receive will be delivered by arm's length agencies or private companies. As well, the Act facilitates partnerships with business.

Municipal Role in Regional Matters

Municipal leaders are obligated to ensure that citizens get the best value for taxes that are paid to the municipality and to ensure that citizens receive responsive, efficient and effective services. When entering a regional relationship, municipal leaders must balance the benefits of cooperation and integration with the desire to retain local authority for service delivery and regulation.

The role of municipalities in addressing regional matters falls within the Municipal Government Act.

- "Good government" includes a responsibility to ensure good relations with neighbouring municipalities and to explore partnerships and restructuring where it makes practical sense to do so and is of benefit to citizens.
- "Providing services and facilities" presumably includes a responsibility to explore potential sharing and integration with neighbours where this approach will benefit citizens.
- Maintaining "viable communities" presumably includes a responsibility to provide guidelines, plans and agreements necessary to ensure that long term relationships with others will be beneficial.
- Addressing "the coordination of land use, future growth patterns and other infrastructure with adjacent municipalities...." through a municipal development plan is a requirement for municipalities with a population over 3500.

So these "regional" responsibilities have been anticipated in the Municipal Government Act, which also provides for inter-municipal development plans, inter-municipal service agencies, and regional services commissions to support sharing and cooperation.

When Does an Issue Become "Regional"?

A rigid definition of "region" and "regional issue" is impractical. There would be a lack of support for a regional boundary drawn around a very large area where every municipality within the boundary must agree to every proposed inter-municipal service or development. The larger the boundary, and the more municipalities included, the more complex the process of exploring regional approaches becomes.

An issue usually becomes "regional" when two or more municipalities are affected and are broadly in agreement that a coordinated decision-making process is needed. The appropriate size of a "region" therefore could vary with the topic being considered. Obviously, directly adjacent municipalities have more common challenges and more opportunities to share services.

However, long term planning and development of the environment and natural features requires participation of a larger number of municipalities covering a larger geographic area.

In an ideal world, municipalities that agree to cooperate as a region should have a flexible but predictable process for sharing decisions and investments. The number of municipalities affected will be greatest when decisions include one or more of the following:

- Major infrastructure development that affects future growth patterns and future operating costs
- Major facility development that affects future services to citizens throughout the region
- Environmental concerns that affect an air shed or water shed
- Specialized skills or equipment that benefit many municipalities in situations where the most efficient scale of operation is relatively large and
- Long term planning that affects the major growth patterns of the region.

The number of municipalities affected will be highest when decisions deal with long time frames and higher costs in a large geographic area.

8. *Change Management: Building Support for Regions*

Discussions about regional approaches involve change and should therefore be treated as change management exercises. Particular attention should be paid to developing confidence in the changes that are being discussed and assuaging concerns about perceived losses.

Finding Common Interest and Opportunity

Ideally, the communities involved in the change should focus on areas of common interest and opportunity from the outset. Municipal councils are most likely to support regional solutions when they recognize that several municipalities share a problem. It is also useful for municipalities to focus on shared goals that define agreement about a desirable future for the region.

Establishing a Network of Municipalities

Municipalities involved in regional discussions may or may not have an established communication network. Regular meetings of both elected leaders and administrative leaders are essential to build trust. The meetings of the 21 municipalities of Greater Edmonton during the course of the Alberta Capital Region Governance Review strengthened the relationships between them and increased understanding of regional issues.

Building Leadership

Supportive teamwork among elected leaders is essential to progress. Ideally, there will be leaders within the team of elected officials who are willing to speak in favour of the shared initiative and willing to champion a vision for all. The early development of such leadership will determine the rate of change.

Involving Stakeholders Outside Government

The effort to involve stakeholders outside government is worthwhile since government must work in partnership with the private and non-profit sectors to make any region successful. Ideally, a network of stakeholders should be identified and kept informed throughout the process. In addition to this stakeholder consultation process, there should be simplified information available to all citizens in the region.

Creating a Common Vision

One of the most important foundations for an effective region is the shared commitment to a common vision. The vision should describe a shared view from "1000 meters in the air," allowing leaders to view the whole region in a shared way. The vision should be modified every five years or so to reflect new information and experience.

Addressing Concerns

Concerns about fairness and perceived loss of benefits or power will arise. In some cases, there are long-standing concerns that participants want to have addressed as part of the change process. There must be an opportunity for expressing those concerns and a way to resolve them.

Providing Incentives to Change: "Carrot" or "Stick"?

People naturally have a strong attachment to the way things are and a resistance to fundamental change. If the Province sees benefit in change occurring, it should consider providing incentives that make change desirable. This can often be achieved through a restructuring of existing financial relationships.

Emphasizing Direct Benefit

Proposals for regional approaches will be ignored if they remain intellectual or philosophical. It is important to tie any changes to direct benefits that citizens will experience.

For example, a "regional geographic information system" may sound esoteric to citizens, but a "regional way to map pipelines so that environmental dangers can be quickly located and addressed" offers a direct benefit that citizens can grasp.

Building on Existing Agreements and Relationships

In most cases, the municipalities involved in regional discussions have already developed inter-municipal agreements and informal relationships (or committees) that have begun the work of building regional relationships. These agreements and relationships form the initial foundation for the region and should be used as a base on which to move forward. A myriad of agreements may be replaced by simpler and more inclusive mechanisms.

Engaging the Media

The media are an important audience and should receive information that helps them create stories about regional issues. Editorial managers and boards should be encouraged to consider a regional viewpoint in a portion of their news portfolio.

9. *Building Regional Strength*

Building on Interdependency, Teamwork and System Relationships

The foundation for regional strength is—paradoxically—the recognition of municipal vulnerability. When municipal leaders are convinced that their contiguous municipalities are highly interdependent, they become more interested in building regional strength. All municipalities within a region are hurt by economic disparity within the region. All benefit when new investment comes into the region, no matter where that investment is located.

Having highly competitive municipalities acting adversarially may hurt the region. When individual municipalities compete with each other for development and industrial investment through financial incentives and reductions in service requirements, it hurts the region. Instead, municipalities can build regional capacity and appeal by working together as a team. The team relationship should encourage local initiative, niche roles, and diversity. The banner should be "cooperate to compete globally" not "your loss is our gain."

Developing a Regional Voice

The municipalities of a region gain substantial power and advocacy through a formal association that can represent them to the provincial government and to industrial leaders. Developing a regional voice is an early step in building the strength of a region.

Formalizing Regional Systems of Service Delivery

While there are usually existing inter-municipal agreements that establish a basis for sharing, the formalization of these into regional systems of delivery strengthens the bonds among the municipalities, increases efficiency and creates opportunities for cost sharing to support major equipment purchases or infrastructure repairs.

Improving Sustainability

Citizens are concerned that current practices and policies affecting growth and infrastructure development may not be sustainable in future years. Many municipalities have put off infrastructure re-investment and maintenance in order to pay current bills. Eventually, the cost of infrastructure replacement will have to be paid along with competing costs of new development.

Continued growth without regard to full cost including environmental, social and economic effects will result eventually in a crisis for many of Alberta's metropolitan areas. Areas where sustainability can be improved include:

- Transportation impacts on air quality
- Utility service costs in the growing urban fringe
- Country residential development ringing the urban fringe
- Municipal revenues versus expenses for infrastructure and services and
- Storm water drainage and its relationship to water quality and sewage capacity.

Managing Regional Infrastructure, Facilities and Other Issues

As municipalities become increasingly interdependent, it becomes more difficult to say that some types of infrastructure (e.g., roads that are used by commuters from other municipalities) are the sole responsibility of one municipality. In the same vein, some facilities (e.g., a major sports facility or symphony hall) provide a service to many municipalities. The management, revenue and costs of these facilities may become a shared issue among municipalities.

Determining a fair way to resolve these concerns and others where costs can overflow from one municipality to another helps build regional strength.

Building Economic Strength

The shared effort to build economic strength through teamwork and an economic development plan is essential to success and builds the basis for regional strength. In this area, the business and industrial sectors should partner with government. Private sector ideas and co-investment should be encouraged.

Reducing Disputes, Building Cooperation

Most regions have concerns involving boundaries. If a region can develop a process that encourages municipalities to work together for mutually beneficial outcomes, the number of disputes can be reduced. While disputes are not frequent, the cost (both in terms of money and trust) can be very high when a dispute goes to a formal legal process.

Identifying Decisions of a Regional Scale

The collective decisions of all municipalities in a region are not necessarily equivalent to regional decisions. With no regional decision process in place, it is unlikely that municipal leaders are exposed to issues that can be of long term benefit to their region. In some cases, municipal leaders may not feel they have a mandate to address decisions that go beyond their own municipal boundaries.

Building a process by which regional issues can be identified and regional strategies can be shared creates regional strength.

Developing a Regional Information System

The development of a regional information system that serves citizens, developers, business people, council members, and planners is an important foundation for building a strong region. The timing is ideal for Alberta municipalities to gain a competitive advantage and create significant efficiencies through effective information sharing.

A regional geographic information system allows people to see "the whole picture" and enhances business and communication across boundaries. The same system can revolutionize the relationship between local government and citizens by improving citizen access to information.

We didn't realize at the time that the Internet was going to play such an important part in delivery of this information. The site has allowed realtors, appraisers, assessors, surveyors, engineers and the general public to...come up with their own applications.

Ron Platt, 2000
City of Tucson
quoted in Government Technology

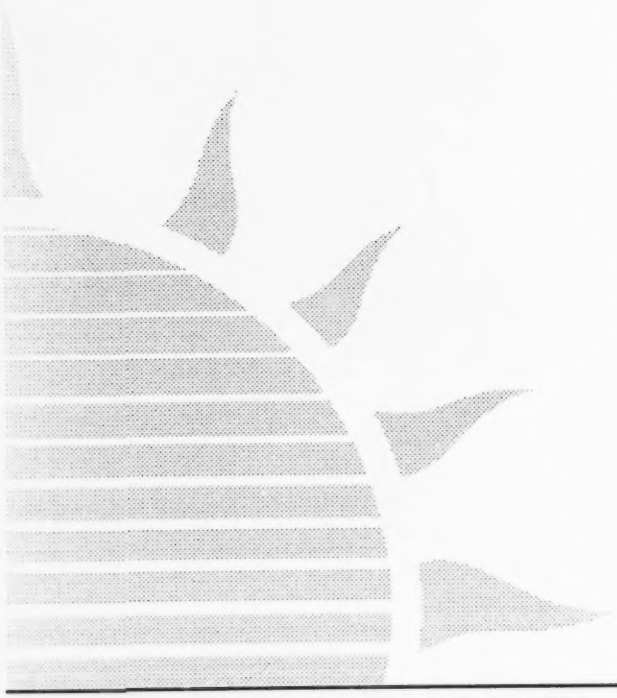
Monitoring, Evaluating and Measuring Progress

It is difficult for citizens and leaders to keep track of positive and negative changes in a region. The development of a regional "report card" can provide leaders with the information they need to evaluate programs and make quality decisions about the future.

The report card also provides a measure of accountability and helps citizens and community leaders understand regional changes and their impact.

Engaging Professionals to Serve the Region

A region is strengthened if its leaders are the benefactors of good strategic analysis and advice. This requires dedicated and skilled professional staff. A region cannot succeed without them.



10. *Who Pays?*

> *Funding of a regional association will likely be a difficult thing to negotiate.*
>
> *Alan Scarth, 2000*
> *"Chairman's Conversations"*

Who bears the cost of building a region? Four kinds of cost are involved:

- Initial exploration of the opportunity (such as the cost of this Review)
- Start-up costs (putting new processes and roles in place)
- Transition costs (altering existing processes, roles and resources) and
- Operation costs (maintaining regional capacity, communication, and decision processes).

Municipalities are concerned that new costs will be incurred and would have to be covered by new revenues. It would be difficult to explain to citizens that a new assessment could be required and that only some of the money would be spent inside their municipal boundaries.

The costs would not likely be borne by a single player. Instead, costs should be allocated in a number of areas, according to who takes responsibility and who receives the benefit. Six potential contributors are:

1. Reallocation of a Portion of Municipal Budgets

Municipalities argue that they are under a fiscal strain at this time and that they will have difficulty meeting long term infrastructure and service demands. They say there is little opportunity to reallocate a portion of municipal budgets to regional requirements. However, there are cases where such a reallocation would make sense:

- Where the delivery of a service costs less when the municipality becomes part of regional service delivery. The savings could be reallocated to regional activities that benefit the municipality.

- Where regional capacity provides a cost saving means of addressing long term concerns for a municipality that is better than any individual municipal means.
- Where the municipality benefits directly from its investment in the region through matching funding from other governments, through new revenue sources, or through economic investments that come to it through the region.
- Where, through regional investment, the municipality can expect to avoid costly, undesirable problems in the future.

2. *Provincial Investment*

The Province has an interest in building regional capacity because provincial taxpayers generally may gain the benefit of long term efficiencies when regions are up and running. The Province should therefore be prepared to invest in building that capacity. Specifically, the Province could invest in:

- Initial exploration of regional opportunities.
- Start-up costs that could provide an important incentive to get a regional process rolling. Provincial dollars could be targeted for specific opportunities.
- Transition costs in areas where there is new regional capacity being created that also helps the Province deliver services more efficiently.
- Ongoing regional operation costs if it can be demonstrated that longer term efficiencies are created that help the Province meet its responsibilities and reduce provincial government costs and taxes.

3. *User Pay*

Increasingly, the cost of some municipal services is covered by direct charges to users. While "user pay" approaches do not work in all situations, they offer a way to ensure that those who benefit most are those who pay. Shifting costs to users also reduces situations where one municipality is bearing the cost of services or facilities that the residents and businesses of other municipalities use.

4. Services as Revenue Sources

Some municipal services can be revenue sources. If a regional agency takes over a service that is a net revenue source, the profits and cash flow from that service can support the delivery of other services and help pay regional costs.

5. Investment From Other Parties

Once there is robust regional capacity and strength, there will be opportunities for partnerships with the non-profit and private sectors. For instance, agencies in these other sectors may invest in a regional facility because it is in their interest to do so, or because the facility is an important part of attracting skilled employees to the area.

6. Alternate Service Delivery

Municipalities use many alternate service delivery approaches. These include volunteerism, third party management, contracting out of services and privatization of services. All of these methods are possible in a regional setting because the regional scale of operations allows more critical mass to support dedicated management of alternate service delivery.

11. *Implications for the Municipal and Provincial Governments*

Provincial Investment in Regional Capacity

The development of regional capacity in Alberta is an important and necessary step in strengthening Alberta's place in the global economy. This capacity will improve our ability to compete globally, will address gaps that have emerged at the regional level in services, planning and issue management, and will create economies of scale that will benefit the citizens of the province. The Province should invest in building this capacity.

Should the Province Force Municipalities to Amalgamate?

Recently, Albertans watched with interest and concern as the Ontario government forced municipal amalgamations to form large, single municipalities. The results of these forced amalgamations are not yet available, but the early evidence would not lead one to rush to this solution for immediate results.

The Government of Alberta has encouraged municipalities to work out solutions that best suit their region. This approach allows the municipalities to reflect local needs. Forced amalgamation risks the potential of years of rancor and distrust, and other unintended consequences. It is also a "top down" approach that runs counter to the emerging information (network) economy.

However, the Province can be an active player in creating changes that help its regions, recognizing that each region in the province will have a unique vision, history, and set of priorities.

In some locations, municipalities have been unable to reach workable regional agreements because it is difficult for local elected officials to do anything other than defend the boundaries and the powers of the municipality. In other locations, it has become obvious that the pace of change will be exceedingly slow if there is no catalyst.

The Province should support open choice among municipalities when it comes to the region, but can also provide guidance and mediation where necessary. In some cases, the Province may have to actively urge progress and consider providing incentives.

Defining a Regional Relationship

The emergence of regional entities in Alberta may require some structural changes in relationships with the provincial government. However, the Province should first assess how the municipalities propose to work together as a region before it initiates a change in the relationship.

Legislation

The Municipal Government Act provides the legal tools necessary to create regional associations, commissions or agreements. The Province should respond to requests for legislation that will support the emergence of more formal entities to address regional matters.

Relationship with Regional Entity

Experience in other areas suggests that regional entities will achieve success and active municipal membership if the Province chooses to do business with the region and to allocate funds to the region. This move toward a provincial relationship with regional entities will reduce the number and complexity of interactions and simplify consultation and decision-making for both.

12. *Summary*

1. We are in a period of profound transition caused by the emergence of new information technologies, fast growth, globalization, required infrastructure replacement and high citizen expectations. Municipalities will be affected by this transition in many ways. One of the best ways municipal leaders can respond is to strengthen their abilities to think and act regionally.

2. A regional approach will benefit citizens because it will help municipalities sustain economic strength and business investment, plan for desirable growth, and maintain high value services to citizens. Emerging challenges will require regional responses in many areas of Alberta.

3. Alberta will benefit from the emergence of regional associations based on municipal collaboration. This approach will improve coordination at the regional level while maintaining flexibility and diversity to respond to emerging situations.

4. It is not surprising that there is resistance to regional thinking. However, there are remedies to many of the challenges that emerge.

5. An effective region contains municipalities that share a vision and principles that are known and understood. In an effective region, municipalities have agreed to clear roles, quality consultation, cost and benefit sharing, ongoing monitoring, planning, and accountability.

6. There are many forms of cooperation and regional decision-making and governance. Each has benefits and disadvantages, depending on the eye of the beholder.

7. The Municipal Government Act (1994) anticipated the need for increased regional approaches. It is up to the municipalities and the Province to determine which matters become regional and how roles and budgets should be assigned to address these regional matters.

8. Regional approaches should be built on shared interests and opportunities among the participating municipalities. Leadership and trust building are essential.

9. The development of regional approaches is an exercise in "win-win" thinking. All municipalities experience a net gain from the strength and benefits created at the regional level. The benefits for citizens may not be immediate but will be substantial over the longer term.

10. Funding of regional initiatives can be achieved through a fair allocation of cost. All the benefactors—including the Province, the municipalities, the private and non-profit sectors, and the users—have a responsibility and should bear a portion of the "regional" costs.

11. The provincial government should continue to provide opportunities for municipalities to design their own regional future and should give serious weight to collective municipal views on issues where there is agreement among the municipalities.

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The Chairman's Conversations provided an opportunity for the Review's Chairman to pose questions to invited North American experts specializing in the areas of global economy, urban sprawl, changing roles of local governments and regions, sustainable development and network technologies. The persons quoted from this occasion are:

Dr. Roger Gibbins is President and CEO of the Canada West Foundation and a Professor of Political Science at the University of Calgary, where he served as department head from 1987 to 1996.

Dr. Andrew Sancton is a Professor in the Department of Political Science, University of Western Ontario. He directed the department's Local Government Program from 1986 to 1999. His publications have included *Governing Canada's City Regions* (1994) and *Merger Mania: The Assault on Local Government* (2000).

Mr. Alan Scarth, Q.C. is a partner with the law firm Thompson, Dorfman, Sweatman in Winnipeg. His practice focuses on the areas of environmental law and sustainable development law. He was chair of the Capital Region Review of the Winnipeg area, Manitoba.

Dr. Allan Wallis is Associate Professor of Public Policy at the Graduate School of Public Affairs at the University of Colorado in Denver, where he directs the program in local government. Previously, as director of research for the National Civic League he authored a series of articles, *Reinventing Regionalism*, which appeared in the National Civic Review.

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